

## Bond Still Talks Of Big Dividends

**Compares Island Electric With H. C. & S. Co.—Would Sell Control To Community And Talks Profits Instead Of Service First.**

The following letter from Robert E. Bond, president of the Island Electric Co., Ltd., was received by the editor of the Maui News the first of this week. As it deals exclusively with a very live community subject, and presents very clearly Mr. Bond's ideas it is published in full together with a circular letter which, Mr. Bond indicates, was used in an effort to sell stock of the local corporation on the Coast:

2407 Bowditch Street,  
Berkeley, California,  
May 14th, 1920.

Mr. Will J. Cooper,  
Wailuku, Maui, T. H.  
My dear Mr. Cooper:

Literally scores of people, both here and in Hawaii, thoroughly conversant with all the inside facts in the history of the Island Electric Company, know from their own experience and investigations that editorials and other articles appearing recently in your newspaper have gone far astray from the paths of justice, equity and truth.

It is generally known in financial circles here, as well as in Hawaii, that the Island Electric Company has for years endeavored to interest additional capital, in order to meet the needs of the people of Maui for electricity; that it has repeatedly been on the point of success, almost to the very hour of signing the necessary papers, only to have the capital frightened, or intimidated, by seemingly hidden forces; that other financial men and attorneys have volunteered to discover and have through their banking and other channels secured written evidence to prove, just who was so assiduously endeavoring to prevent the company from raising the capital; and that, in spite of such mistaken steps of opposition, it has recently obtained strong financial backing, at last. There is also much written and other evidence to prove that I have repeatedly in the past six years earnestly endeavored to place the trusteeship and control of the company in the hands of such men as Frank Baldwin, or trust company or banking officials, under whose guardianship and guidance the company could easily have been financed and brought to its utmost usefulness and to a prosperity satisfactory to all. Your own March advertising columns contain additional evidence of this desire that the shares and preponderance of profits of the company be owned by the consumers and other residents of Maui; but you editorially brush aside this effort at cooperation, as also in fact do those who proclaim themselves ready with capital for this business.

It has been pointed out to me that in addition to all this accumulated evidence of right motives misunderstood, the press and certain of the people of Maui have now become so bold as to declare themselves openly to be conspiring with intent to destroy, and to incite others to destroy, the property of people who include many Maui residents by methods amounting virtually to mob action and lynch law in business.

It is not my desire, to take any advantage of a misstep, other than to correct the false concepts uncovered in your columns, and to disprove them to your own satisfaction by works, rather than by words. The files of Maui men contain much evidence that my keenest desire is that the electric public service on Maui be perfected. I am equally desirous that nothing shall occur now on the part of anyone there or here, which must later be regretted by the perpetrators, or their children or grandchildren. There must be peace of conscience for everyone, when this problem is presently solved.

We here, are all fully aware and deeply regret that the sufferings, by whomsoever imposed, or self-imposed, among the people of Maui, have been grievous through the delay in the arrival of adequate additions to the plant. How could anyone, whether shareholder or consumer, feel otherwise? But there are those who understand what obstacles have had to be overcome.

To make the long experiment, and to demonstrate, against undeniable skepticism, heavy odds and increasingly aggressive activities from the start, that central Maui has great possibilities for an electric light and power company,—has cost the electric company's originators the sacrifice of shares of Hawaiian Commercial & Sugar Company, Pioneer Mill Company, Onomea Sugar Company, and other companies, which, if retained and never converted to risk in the

electric enterprise, would, today, be worth well over \$100,000.00,—and the further sacrifice of increasingly valuable Honolulu realty, besides some \$25,000 of borrowed money and the investment of some \$30,000.00 of the little individual savings of about 180 comparatively poor people, a great many of them on Maui, every cent of which must presently be made good to them through the now perfectly possible immediate success of the electric enterprise.

Therefore, the responsibility for making good the money of these Island Investment Company shareholders on Maui and elsewhere is now placed squarely on those who have proclaimed themselves able and eager to add their ample capital to that already invested in the enterprise, and who have recently assumed unto themselves the responsibility of perfecting the electric service, but who mistakenly think they must first wreck the fortunes and sacred property rights of these many original Maui shareholders and those others who have, if the truth were known, dedicated their all and over eight years of mental and physical anguish to vindicating their faith in the electrical possibilities as well as in the inherent fairness and good sportsmanship of the people of Maui.

Copy, herewith, of a letter mailed out in April by a San Francisco broker to his friends, gives a very fair and accurate statement of facts. It was written before a word was received here of the activities described in your newspaper. With this letter and your newspapers before me, I have sought to study the facts from a moral viewpoint as high as you would choose for yourself, were our positions reversed, and with only the kindest of feelings and motives. In the light of such wisdom as I have thus far been able to apprehend, there has come to me the idea that no loss can occur, eventually, to any holder of stock either in the Island Investment Company, or in the Island Electric Company, if say \$40,000.00, or complete control, of the \$67,000.00 common voting stock of the Island Electric Company be sold at par to the Maui consumers, and the entire remaining \$27,000.00 of common stock be donated to the treasury of the Island Electric Company to be re-sold (also to the Maui consumers) for the benefit of the Company's treasury, at par. This would enable the Island Investment Company to liquidate all its indebtedness (\$7,000 to \$8,000 of which is owing to the electric company) and thus would further swell the cash of the electric company, itself, to nearly \$40,000,—available for investment in the third and much larger Diesel power plant now being negotiated for; the second being payable for in easy installments out of depreciation reserves as earned.

The resulting financial condition of the electric company would thereupon be approximately as follows:

ASSETS	
Present physical properties at greatly depreciated (not replacement) values	\$ 36,000.00
Equity in No. 2 Diesel plant arriving in Maui about June 5th, 1920	9,250.00
Deferred assets (balance due on No. 2 Diesel contract, to offset Contracts Payable given below among liabilities)	18,000.00
Cash	37,000.00
Accounts Receivable	4,500.00
Merchandise and other inventories	2,700.00
Franchise, Commissions and Discounts, and Going Concern Costs	57,000.00
Total	\$164,450.00
LIABILITIES	
Bond Issue	\$ 24,300.00
Capital Stock	98,500.00
Accounts and Contracts Payable	20,000.00
Meter Deposits	1,900.00
Paid-in Surplus and Undivided Profits	19,750.00
Total	\$164,450.00

As the result of a long and costly experiment of proving Maui, to be a proper field for the investment originally of what were, and still are, trust funds in an electric public utility, it has been demonstrated at least, that at the extremely reasonable rate given in the broker's letter above mentioned, a very handsome return would be earned on this amount of capital stock, rapidly recovering the money spent in the experiment and yielding typical Hawaiian profits and dividends to the shareholders. Thus, through an advance in the value of its remaining shares of electric stock, the Island Investment Company shareholders might eventually recover the lost incurred in donating the stock as a paid-in surplus to the treasury as above described.

On the present stock market, H. C. & S. Co., property, partly by virtue of its earning power, is valued at over \$30,000,000.00; but everyone knows that the original shareholders actually invested only \$2,318,750.00.

The original shareholders of the Hawaiian Electric Company of Honolulu invested only \$500,000.00 at most, probably considerably less but the stock market value of its property is about \$3,000,000, is I am misinformed.

It took time, money, risk and much hard work and personal sacrifice to demonstrate the earning power now enjoyed by all these companies. Does anyone suggest that any but the Island Electric Company be forced to sell at the physical values only, and of eight years ago, less depreciation?

I note that you repeatedly refer to the ownership of the Island Electric Company as being mine, personally. It is only fair to tell you that my interests are very slight, having been purchased some three years ago for cash, and a few more preferred shares having been left me in my father's will; but the bulk of the ownership rests in the Island Investment Company, of course, and the greater part of the shares of the Island Investment Company is held by trustees under a trust created for my father's estate originally in 1909 or 1910, the sole beneficiaries of which at present are my mother and upon her demise, my sister and her two children and my wife and three children, all of whom may easily be placed at any moment in a position of utter dependence upon the success of the Island Investment Company for their support.

If I do not arrive in Maui the week following your receipt of this, I will probably come a week after that, on the same boat with the second Diesel power plant, due in Maui on or about June 5th; and if prevented from coming that soon, I ought surely to get there with, if not before, the big third Diesel plant.

Mr. Cooper, I am convinced that in reality you desire only good, only justice and fair play, and that as the truth dawns on the sight of all of us, we shall find that there have always been present in this undertaking only the elements of good, howsoever obscured by the clouds of a material sense of things.

Very sincerely yours,  
ROBERT E. BOND.

April 15, 1920

Dear

As you are well aware, conditions in the Territory of Hawaii are very prosperous, sugar growing and manufacturing, which is the principal industry of the Islands, never before

having reached its present high mark; with more land being cultivated for cane production and factories improving their facilities. Canning plants for pineapples and other fruits are also operating to capacity. In fact the industry of this Territory is far in advance of the power and lighting facilities now available, and there is a great need for expansion in this line. This is especially true of the Island of Maui.

I am offering, subject to prior sale, 4750 shares of the Preferred Stock of the Island Electric Company, Ltd., of Wailuku, Maui, T. H., of the par value of \$20.00 per share; the owners of which, having obligations to meet, have instructed me to dispose of a portion of their holdings. This provides an opportunity for my clientele to repeat the successes of other pioneer investors in Hawaiian corporations and to participate increasingly in the long standing prosperity of this Territory.

The Island Electric Company, Ltd., is operating under a franchise granted by the United States Government to supply electric light and power on this Island. It started business on November 21st, 1911, and has an authorized capital of \$200,000, of which \$100,000 is Preferred and \$100,000 is Common Stock. Of the latter, however, only \$67,000 is outstanding. All of the outstanding stock is fully paid-up and non-assessable. There is also a small bonded indebtedness of \$24,300.

The Company started to generate electric power with a steam plant, but business increased so quickly that within a short time it was compelled to install a Diesel-electric power plant and the demand still continuing, another and larger engine of this type had to be added and is now on its way to Maui. However, to take care of the business, still a third Diesel power plant should be added. In a letter dated Wailuku, Maui, T. H., March 30th, 1920, written by Mr. C. D. Lufkin, Vice-President and Manager of the Bank of Maui, Ltd., (of which Mr. C. H. Cooke is President), addressed to Mr. A. C. Wyckoff, Vice-President of the American Vineyards Co., of San Francisco, who is one of the bond holders of the Island Electric Company, Ltd., and who was corresponding with this bank, about

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## Former Molokai Girl Is Wed In Honolulu

Miss Alberta Meyer, daughter of Mr. and Mrs. Otto Meyer of Molokai, and E. O. Janistchke were married at the bride's home, 1646 South King street, at 8 o'clock last Saturday evening. Miss Meyer was a former yeomanette and is at present employed in a clerical position at Pearl Harbor, where Mr. Janistchke is also employed as a radio draftsman. The newlyweds are on Molokai on their honeymoon.

## Japanese Forming New Maui Fishing Company

Articles of association of the Maui Fishing Co., Ltd., have been filed with the territorial treasurer. The new concern, organized by Japanese, is capitalized at \$15,000, the right being reserved to increase this amount to \$50,000. Later they expect to take the next transport for San Francisco on a visit to Chicago.

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